
| | | | |
|-----------------------------|--|------------------------|------------------------|
| State: | District of Columbia | Filing Company: | Star Insurance Company |
| TOI/Sub-TOI: | 20.0 Commercial Auto/20.0000 Commercial Auto Combinations | | |
| Product Name: | Star-ADAR-202001-AUTO Update | | |
| Project Name/Number: | Star-ADAR-202001-AUTO Update /Star-ADAR-202001-AUTO Update | | |

Filing at a Glance

| | |
|---------------------------|--------------------------------------|
| Company: | Star Insurance Company |
| Product Name: | Star-ADAR-202001-AUTO Update |
| State: | District of Columbia |
| TOI: | 20.0 Commercial Auto |
| Sub-TOI: | 20.0000 Commercial Auto Combinations |
| Filing Type: | Rate/Rule |
| Date Submitted: | 01/14/2020 |
| SERFF Tr Num: | MEAD-132220880 |
| SERFF Status: | Submitted to State |
| State Tr Num: | |
| State Status: | |
| Co Tr Num: | STAR-ADAR-202001-AUTO UPDATE |
| Effective Date | 04/01/2020 |
| Requested (New): | |
| Effective Date | 04/01/2020 |
| Requested (Renewal): | |
| Author(s): | Marissa Lineberry |
| Reviewer(s): | |
| Disposition Date: | |
| Disposition Status: | |
| Effective Date (New): | |
| Effective Date (Renewal): | |

State: District of Columbia **Filing Company:** Star Insurance Company
TOI/Sub-TOI: 20.0 Commercial Auto/20.0000 Commercial Auto Combinations
Product Name: Star-ADAR-202001-AUTO Update
Project Name/Number: Star-ADAR-202001-AUTO Update /Star-ADAR-202001-AUTO Update

General Information

Project Name: Star-ADAR-202001-AUTO Update Status of Filing in Domicile:
Project Number: Star-ADAR-202001-AUTO Update Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 01/14/2020
State Status Changed: Deemer Date:
Created By: Marissa Lineberry Submitted By: Marissa Lineberry
Corresponding Filing Tracking Number:

Filing Description:

Star Insurance Company (Star) writes commercial lines insurance in your state and is a member of ISO.

We are seeking approval of forms and rules for our Auto Dismantlers & Recyclers Program (ADAR). Please see our memorandum and redline versions for our changes.

Company and Contact

Filing Contact Information

Marissa Lineberry, Senior Compliance Analyst
26255 American Drive
Southfield, MI 48034
Marissa.Lineberry@ameritrustgroup.com
248-204-8225 [Phone]
248-358-1614 [FAX]

Filing Company Information

| | | |
|-----------------------------|------------------------------|-----------------------------|
| Star Insurance Company | CoCode: 18023 | State of Domicile: Michigan |
| 26255 American Drive | Group Code: 748 | Company Type: property and |
| Southfield, MI 48034 | Group Name: AmeriTrust Group | casualty |
| (248) 358-1100 ext. [Phone] | Inc | State ID Number: |
| | FEIN Number: 38-2626205 | |

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

| | | | | | |
|-----------------------------|--|--------------------------|------------------------|----------------------------|------------------------------|
| SERFF Tracking #: | MEAD-132220880 | State Tracking #: | | Company Tracking #: | STAR-ADAR-202001-AUTO UPDATE |
| State: | District of Columbia | Filing Company: | Star Insurance Company | | |
| TOI/Sub-TOI: | 20.0 Commercial Auto/20.0000 Commercial Auto Combinations | | | | |
| Product Name: | Star-ADAR-202001-AUTO Update | | | | |
| Project Name/Number: | Star-ADAR-202001-AUTO Update /Star-ADAR-202001-AUTO Update | | | | |

Rate Information

Rate data does NOT apply to filing.

| | | | |
|-----------------------------|--|------------------------|------------------------|
| State: | District of Columbia | Filing Company: | Star Insurance Company |
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Rate/Rule Schedule

| Item No. | Schedule Item Status | Exhibit Name | Rule # or Page # | Rate Action | Previous State Filing Number | Attachments |
|----------|----------------------|-------------------|-------------------|-------------|------------------------------|-----------------------|
| 1 | | DC-ADR-Rates-0120 | DC-ADR-Rates-0120 | Replacement | | DC-ADR-Rates-0120.pdf |

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

I. Eligibility

Entities that are engaged in the business of performing auto dismantling and salvage, or scrap operations only.

II. Commercial Auto Coverage

Risks written under this program will be rated using forms, rules and loss costs filed by, or on behalf of the company by ISO along with the following exceptions:

1. A Loss Cost Multiplier of 1.600 for auto liability and 1.680 for physical damage shall be used to determine the rates. For general use, the Expected Loss and Loss Adjustment Expense Ratios will be 0.567 for auto liability and 0.515 for physical damage.
2. Use ISO's deductibles and deductible factors. For higher Garagekeepers Legal Liability Collision Deductibles, apply the following factors to the \$100 deductible collision premium:

| <u>Deductible</u> | <u>Factor</u> |
|-------------------|---------------|
| \$1,000 | 0.74 |
| \$5,000 | 0.29 |

3. Commercial Automobile Liability Experience and Schedule Rating Plan

Eligibility for Experience Rating

An annual basic limits manual premium of \$3,500 or more is required for bodily injury and property damage exposures to be eligible for rating under this plan. Any risk that develops credibility from the tables contained in Rule 14 of 0.03 or more for the garage exposures, owned or hired automobile exposures, and employers non-ownership exposures to be rated shall be eligible for the application of the experience rating modification provisions of this plan.

Eligibility and Range for Schedule Rating

An annual basic limits manual premium of \$1,000 or more is required to be eligible for rating under this plan. Maximum schedule rating is +/- 25%.

| Risk Characteristic | Description | Credit | Debit |
|---------------------|--|--------|-------|
| Management | Cooperation with insurance company, revision of schedules, routes and practices to conform with insurer recommendations. | 10% | 10% |
| Employees | Selection, training, supervision, experience and basis of remuneration. | 10% | 10% |
| Equipment | Type, condition, servicing, risk's own repair facilities, safety equipment and drivers' reports on condition. | 10% | 10% |
| Safety Organization | Periodic meetings, distribution of safety literature, award and penalty system, review of accidents with drivers, safety director, accident reports and records. | 10% | 10% |

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

4. Commercial Automobile Physical Damage Experience and Schedule Rating Plan

Eligibility for Experience Rating

An annual basic limits manual premium of \$3,500 or more is required for bodily injury and property damage exposures to be eligible for rating under this plan. Any risk that develops credibility from the tables contained in Rule 11 of 0.03 or more for the exposures to be rated shall be eligible for the application of the experience rating modification provisions of this plan.

Eligibility and Range for Schedule Rating

An annual basic limits manual premium of \$1,000 or more is required to be eligible for rating under this plan. Maximum schedule rating is +/- 25%.

| Risk Characteristic | Description | Credit | Debit |
|---|--|--------|--------|
| Management | Cooperation with the insurance company, revision of schedules, routes and practices to conform with insurer recommendations. | 10% | to 10% |
| Employees | Selection, training, supervision, experience, and basis of remuneration. | 10% | to 10% |
| Equipment | Type, condition, servicing, risk's own repair facilities, safety equipment, drivers' reports on condition. | 10% | to 10% |
| Safety Organization | Periodic meetings, distribution of safety literature, award and penalty system, review of accidents with drivers, safety director, accident reports and records. | 10% | to 10% |
| Dispersion or Concentration of Values Insured | | 10% | to 10% |

5. ISO Rule 49.D.3 Auto Dealers Errors and Omissions

Apply the following factors for selected higher limits.

| <u>Limit</u> | <u>Factor</u> |
|--------------|---------------|
| \$100,000 | 1.200 |
| \$200,000 | 1.400 |
| \$300,000 | 1.550 |

6. Endorsements and Premium Charges

A. Spoilage of Evidence Errors or Omissions (**4305 CA**)

Coverage

An optional endorsement which amends the Auto Dealers Coverage Form, 0025, to provide: Errors and omissions coverage and supplementary payments to dismantlers and salvage operations for damages arising from the disposition of salvage that is evidence in a legal proceeding.

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

Rates

A flat charge of \$250 applies.

B. Commercial Auto Enhancement Endorsement (4303 CA)

Coverage

Optional form which broadens the Business Auto Coverage Form, **CA 0001**

Rates

A premium charge of 1% of the liability premium, subject to a \$250 minimum and a \$500 maximum shall be added when this form is attached to the policy.

C. Enhancement Endorsement - Auto Dealers (4304 CA)

Coverage

Optional form which broadens the Auto Dealers Coverage Form, **CA 0025**.

Rates

A premium charge of 1% of the liability premium, subject to a \$250 minimum and a \$500 maximum shall be added when this form is attached to the policy.

D. Designated Insured for Covered Autos Liability Coverage (ISO CA 2048)

Charge \$100 for additional insureds regardless of the number of additional insureds.

E. Scrap Dealers Additional Insured - Designated Person or Organization (5735 CA)

Available at no charge.

F. Additional Insured (4455 CA)

This form excludes persons or organizations we will not cover.

G. Dealers Conversion Coverage Endorsement (4748 CA)

Coverage

Optional form which broadens the Auto Dealers Coverage Form, **CA 0025**.

Rates

Apply a charge according to the appropriate revenue tier and the selected occurrence limit:

| Revenue | Occurrence Limit | Aggregate Limit | Deductible | | |
|----------|------------------|-----------------|------------|----------|----------|
| | | | \$5,000 | \$10,000 | \$15,000 |
| \$0-\$15 | \$10,000 | \$20,000 | \$100 | \$98 | \$96 |

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

| | | | | | |
|-----------|-----------|-----------|-------|-------|-------|
| million | \$25,000 | \$50,000 | \$125 | \$122 | \$120 |
| | \$50,000 | \$100,000 | \$150 | \$147 | \$144 |
| | \$100,000 | \$200,000 | \$180 | \$176 | \$173 |
| | \$250,000 | \$250,000 | \$225 | \$219 | \$216 |
| \$15-30 m | \$10,000 | \$20,000 | \$166 | \$162 | \$160 |
| | \$25,000 | \$50,000 | \$208 | \$203 | \$200 |
| | \$50,000 | \$100,000 | \$249 | \$243 | \$240 |
| | \$100,000 | \$200,000 | \$299 | \$292 | \$287 |
| | \$250,000 | \$250,000 | \$373 | \$364 | \$359 |
| \$30 m + | \$10,000 | \$20,000 | \$266 | \$260 | \$256 |
| | \$25,000 | \$50,000 | \$333 | \$325 | \$320 |
| | \$50,000 | \$100,000 | \$399 | \$390 | \$384 |
| | \$100,000 | \$200,000 | \$478 | \$467 | \$460 |
| | \$250,000 | \$250,000 | \$597 | \$584 | \$575 |

H. Impaired Property Damage Endorsement (5962 CA)

1. This endorsement provides limited property damage coverage for property that has not been physically injured but is deemed to be impaired due to work performed by the insured.
2. This endorsement provides varying limit, deductible and participation percentage options illustrated in the following table.

| Each Occurrence Limit | Aggregate Limit | Deductible | Participation Percentage | Annual Premium | | |
|-----------------------|-----------------|------------|--------------------------|------------------|-------------------|------------------|
| | | | | Revenue \$0-15 m | Revenue \$15-30 m | Revenue \$30 m + |
| \$10,000 | \$10,000 | \$500 | 5% | Included | | |
| \$50,000 | \$50,000 | \$3,500 | 20% | \$235 | \$390 | \$625 |
| \$75,000 | \$75,000 | \$5,000 | 25% | \$240 | \$400 | \$645 |
| \$100,000 | \$100,000 | \$5,000 | 30% | \$245 | \$405 | \$650 |

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

| | | | | | | |
|-----------|-----------|---------|-----|-------|-------|-------|
| \$100,000 | \$250,000 | \$5,000 | 30% | \$275 | \$460 | \$735 |
| \$250,000 | \$250,000 | \$5,000 | 30% | \$305 | \$510 | \$850 |

3. The deductible applies first to a loss. The participation percentage then applies to the balance of the loss, subject to Each Occurrence and Aggregate Limits.

4. The premium is not subject to further modification.

III. Commercial Crime Coverage.

Risks written under this program will be rated using forms, rules and loss costs filed by, or on behalf of the company by ISO shall apply for this line of business.

IV. Commercial Property Coverage

Risks written under this program will be rated using forms, rules and loss costs filed by, or on behalf of the company by shall apply for this line of business with the following exceptions.

1. The Star general use Loss Cost Multiplier shall be used to determine the rates.
2. Rule 85, L.3. Special Class Rates - Class Code 1190 Stock in the Open. For a limit of \$100,000 and a deductible of \$1,000 charge \$350.
3. Individual Risk Premium Modification Range. The maximum IRPM is +/- 40%.

| Risk Characteristic | Description | Credit | Debit |
|------------------------|---|--------|-------|
| Management | Cooperation in matters of safeguarding and proper handling of the property covered. | 10% to | 10% |
| Location | Accessibility, congestion and exposures. | 10% to | 10% |
| Building Features | Age, condition and unusual structural features. | 5% to | 5% |
| Premises And Equipment | Care, condition and type. | 5% to | 5% |
| Employees | Selection, training, supervision and experience. | 5% to | 5% |
| Protection | Not otherwise recognized. | 5% to | 5% |

4. Endorsements and Premium Charges

A. Special Broadened Property Coverage (4326 CP)

1. The premium charge for the Special Broadened Property coverage is dependent upon selection of the Silver Band or the Gold Band:
 - a. Silver Band (\$100,000 Occurrence/\$250,000 Annual Aggregate):
 1. Charge a \$350 Minimum Premium for the first location.

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

2. Charge \$75 for each additional location.
- b. Gold Band (\$250,000 Occurrence/\$500,000 Annual Aggregate):
 1. Charge a \$500 Minimum Premium for the first location.
 2. Charge \$100 for each additional location.
2. Each location premium charge is pro-ratable.
3. The premium charges are not subject to modifications except for any applicable premium size modification.
- B. Enhancement Property Coverage Endorsement (**4312 CP**)
 1. Optional form which modifies both the Building and Personal Property Coverage form and the Causes of Loss - Special Form.
 2. A flat charge of \$250 applies per location.
- C. Special Broadening Property Plus Endorsement (**6026 CP**)
 1. Optional form which modifies both the Building and Personal Property Coverage form and the Causes of Loss – Special Form.
 2. A flat charge of \$650 applies per location.

V. Commercial General Liability

Risks written under this program will be rated using forms, rules and loss costs filed by, or on behalf of the company by ISO shall apply for this line of business. Attach the Repossessors Liability Enhancement (**4427 GL**) form at no premium charge.

1. Commercial General Liability Experience and Schedule Rating Plan exceptions

Eligibility for Experience Rating

An annual basic limits manual premium of \$3,500 or more is required for bodily injury and property damage exposures to be eligible for rating under this plan. Any risk that develops credibility from the tables contained in Rule 16 of 0.03 or more for the exposures to be rated shall be eligible for the application of the experience rating modification provisions of this plan.

Eligibility for Schedule Rating

An annual basic limits manual premium of \$1,000 or more is required to be eligible for rating under this plan.

2. For all ISO additional Insured's with premium charge as "Refer To Company" - charge \$100 regardless of the number of additional insureds.
3. CGL Special Broadening Endorsement (**2197 GL**)

\$250 Flat Charge

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

4. Conversion Coverage Endorsement (6083 GL)

For this optional form, apply a charge accordingly to the appropriate revenue tier and the selected limits and deductibles:

| Revenue | Occurrence Limit | Aggregate Limit | Deductible | | |
|-------------|------------------|-----------------|------------|----------|----------|
| | | | \$5,000 | \$10,000 | \$15,000 |
| \$0-\$15 m | \$10,000 | \$20,000 | \$100 | \$98 | \$96 |
| | \$25,000 | \$50,000 | \$125 | \$122 | \$120 |
| | \$50,000 | \$100,000 | \$150 | \$147 | \$144 |
| | \$100,000 | \$200,000 | \$180 | \$176 | \$173 |
| | \$250,000 | \$250,000 | \$225 | \$219 | \$216 |
| \$15-\$30 m | \$10,000 | \$20,000 | \$166 | \$162 | \$160 |
| | \$25,000 | \$50,000 | \$208 | \$203 | \$200 |
| | \$50,000 | \$100,000 | \$249 | \$243 | \$240 |
| | \$100,000 | \$200,000 | \$299 | \$292 | \$287 |
| | \$250,000 | \$250,000 | \$373 | \$364 | \$359 |
| \$30 m + | \$10,000 | \$20,000 | \$266 | \$260 | \$256 |
| | \$25,000 | \$50,000 | \$333 | \$325 | \$320 |
| | \$50,000 | \$100,000 | \$399 | \$390 | \$384 |
| | \$100,000 | \$200,000 | \$478 | \$467 | \$460 |
| | \$250,000 | \$250,000 | \$597 | \$584 | \$575 |

5. Impaired Property Damage Endorsement (4385 GL)

This endorsement provides limited property damage coverage for property that has not been physically injured but is deemed to be impaired due to work performed by the insured.

The endorsement provides varying limit, deductible and participation percentage options illustrated in the following table.

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

| Sub-Limit | Each Occurrence Limit | Deductible | Participation Percentage | Annual Premium | | |
|-----------|-----------------------|------------|--------------------------|--------------------|-----------------------|------------------|
| | | | | Revenue \$0-\$15 m | Revenue \$15 - \$30 m | Revenue \$30 m + |
| \$10,000 | \$10,000 | \$500 | 5% | Included | | |
| \$50,000 | \$50,000 | \$3,500 | 20% | \$235 | \$390 | \$625 |
| \$75,000 | \$75,000 | \$5,000 | 25% | \$240 | \$400 | \$645 |
| \$100,000 | \$100,000 | \$5,000 | 30% | \$245 | \$405 | \$650 |
| \$100,000 | \$250,000 | \$5,000 | 30% | \$275 | \$460 | \$735 |
| \$250,000 | \$250,000 | \$5,000 | 30% | \$305 | \$510 | \$820 |

The deductible applies first to a loss. The participation percentage then applies to the balance of the loss, subject to the Sublimit and Each Occurrence Limits.

The premium is not subject to further premium is not subject to further modification.

VI. Commercial Inland Marine

Risks written under this program will be rated using the rates, rules and forms filed by, or on behalf of the company for this program.

1. Electronic Data Processing Coverage

A. Eligibility

Commercial Inland Marine Coverage is available for use with this program.

B. Forms

The following independent forms apply to this coverage.

2976 CM - Coverage Form

3901 CM - Declarations

C. Rates

Minimum Annual Premium \$100

Minimum Deductible: \$250 Higher deductibles are offered – see “Rating” below.

Electronic Data Processing Coverage Form (**2976 CM**) is a broad coverage form for Scheduled Equipment, Data and Media and Extra Expense. When Equipment is covered, limits equal to 20% of the equipment limit may be provided without additional charge for Data and Media and form Extra Expense coverages. Additional premium is charged if higher limits are required. Breakdown Coverage is included in our form. No Coinsurance applies.

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

| | |
|-----------------|---|
| Equipment: | \$1.00 per \$100 of total insurable values. |
| Data/Media: | 20% of the total Limit of Insurance shown in the Schedule for Equipment at that location. Rate excess limits at \$1.00 per \$100. |
| Extra Expense: | 20% of the total Limit of Insurance shown in the Schedule for Equipment at that location. Rate excess limits at \$1.00 per \$100. |
| Loss of Income: | 20% of the total Limit of Insurance shown in the Schedule. Rate excess limits at \$1.00 per \$100. |
| In Transit: | The Limit of Insurance is the greater of \$25,000 or the limit shown in the Schedule for this coverage. Rate excess limits at \$1.00 per \$100. |

This includes all construction types and includes equipment failure coverage (included in coverage form).

The above rating contemplates a deductible of \$250 for all causes of loss.

For higher deductibles, apply the following factors:

| | |
|-------------------|---------------|
| <u>Deductible</u> | <u>Factor</u> |
| \$ 500 | 0.92 |
| \$1,000 | 0.87 |
| \$2,500 | 0.83 |

Any individual risk modification factors that apply to the policy apply to this line of coverage also.

2. Motor Truck Cargo Coverage

A. Description Of Coverage

This form covers the legal liability of the motor carrier for direct physical loss or damage to the property of others being transported by the insured and others.

B. Basic Form Applicable

Use Motor Truck Cargo Liability Coverage Form (**4314 IM**).

C. Eligibility

Any motor carrier operating as a common and/or contract carrier operating intrastate or interstate is eligible for motor truck cargo liability coverage.

D. Premium Determination

Motor Truck Cargo exposure varies widely from risk to risk and region to region. The following table shows the base rate per \$100 of limit as selected by the insured.

| | |
|----------------|------------------|
| <u>Limit</u> | <u>Rate</u> |
| \$25,000 | \$0.75 |
| \$50,000 | \$1.00 |
| \$75,000 | \$1.25 |
| \$100,000 | \$1.50 |
| Over \$100,000 | Refer to Company |

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

Apply the following load factors, according to the criteria described hereafter, to develop the loaded rate for the selected limit.

| <u>Factors</u> | <u>Load</u> |
|----------------------|-------------|
| Radius of operations | +/- 10% |
| Management | +/- 15% |
| Premises/Equipment | +/- 10% |

Radius of Operations (debit/credit range = $\pm 10\%$). Hauling distances greatly affect the desirability of each risk. Consideration should be given to the following:

The longer the haul, the greater the chance of loss. Long distance (over 400 miles) operations must carry high value loads to be profitable and losses are likely to be large.

Terrain and climatic conditions affect the collision, upset and overturn exposures due to ice, sleet, snow, wind and condition of roads.

Management (debit/credit range = $\pm 15\%$). While financial condition is a sign of management involvement, there are other areas which reflect management's interest in an organization. Employee turnover, safety incentives, funding of routine expenses all start with management decisions. Some questions that should be asked are:

Is management involved in the safety program?

Do they have a safety director?

Is maintenance a burden or integral part of their operations?

Has the insured been in business for at least 3 years?

Large fleets require extraordinary underwriting attention. Examine the carrier's:
internal operations
maintenance program
practice of hiring drivers that operate their vehicles
driver's experience and any safety program instituted by the insured.

Premises/Equipment (debit/credit range = $\pm 10\%$). Sprinkler systems and fire/smoke alarms can be positive measures for fire protection in terminals. Some questions that should be asked are:

For large yards with considerable activity, are watchmen and/or gate guards used?

Are theft prone commodities adequately protected by alarms?

Do the terminals have the same protection?

Conditions at the risk's premises and at the shipper/receiver's premises, and vehicle maintenance can influence loss experience. Some questions that should be asked are:

Is the location where a trip starts or ends a hazard to the trip?

Do the premises reflect management's desire to run a safe operation?

Is the equipment being used suitable for the task?

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

A company using local trucks for long hauls, letting equipment go until it has to be replaced, etc. is running on the edge. Equipment will reflect the safety program, maintenance program and management's attitude.

E. Deductible Credit

Total the premiums and apply the following deductible factor:

| <u>Deductible</u> | <u>Factor</u> |
|-------------------|---------------|
| \$1,000 | 1.00 |
| 2,500 | 0.90 |
| \$ 5,000 | 0.85 |
| \$10,000 | 0.80 |
| \$25,000 and over | 0.65 |

3. Special Floater Coverage

A. Description of coverage

This form covers miscellaneous property against risks of direct physical loss except those causes of loss specifically excluded.

B. Basic Form Applicable

Use Special Floater Coverage Form (**4313 IM**)

C. Eligibility

These rules apply to miscellaneous commercial property not specifically covered by another commercial inland marine coverage form.

D. Premium Determination

Rates are per \$100 of the exposure base, i.e. equipment, property, tools.

A rate 1.40 with a \$250 deductible shall be used in determining the premium for all tools, equipment, personal property, and personal effects.

A standard deductible of \$5,000 shall apply. Other deductibles may be selected: apply the following factor to the rate otherwise charged.

| Deductible | Factor |
|------------|--------|
| \$1,000 | 1.02 |
| \$2,500 | 1.01 |
| \$5,000 | 1.00 |
| \$10,000 | 0.99 |
| \$25,000 | 0.97 |

**STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND RECYCLERS PROGRAM
RATES AND RULES MANUAL**

DISTRICT OF COLUMBIA

| | |
|----------|------|
| \$50,000 | 0.95 |
|----------|------|

| | |
|-----------|------|
| \$100,000 | 0.93 |
|-----------|------|

VII. Terrorism Premium Charge

Use ISO's rates, rules, and forms to provide terrorism coverage.

| | | | |
|-----------------------------|--|------------------------|------------------------|
| State: | District of Columbia | Filing Company: | Star Insurance Company |
| TOI/Sub-TOI: | 20.0 Commercial Auto/20.0000 Commercial Auto Combinations | | |
| Product Name: | Star-ADAR-202001-AUTO Update | | |
| Project Name/Number: | Star-ADAR-202001-AUTO Update /Star-ADAR-202001-AUTO Update | | |

Supporting Document Schedules

| | |
|-------------------------|--------------------------|
| Bypassed - Item: | Consulting Authorization |
| Bypass Reason: | N/A |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|--|
| Satisfied - Item: | Actuarial Certification (P&C) |
| Comments: | |
| Attachment(s): | DC-ADR-Rates-0314 redline.pdf Actuarial Memo - Star.pdf Exhibit B - Impaired Property Damage - Auto.pdf Exhibit C - Special Floater Coverage Deductible Factors.pdf |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | District of Columbia and Countrywide Experience for the Last 5 Years (P&C) |
| Bypass Reason: | N/A NO POLICIES |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | District of Columbia and Countrywide Loss Ratio Analysis (P&C) |
| Bypass Reason: | N/A NO POLICIES |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

STAR INSURANCE COMPANY **DISTRICT OF COLUMBIA**
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

I. Eligibility

Entities that are engaged in the business of performing ~~auto-repossession~~, auto dismantling and salvage, or scrap operations only.

II. Commercial Auto Coverage

Risks written under this program will be rated using forms, rules and loss costs filed by, or on behalf of the company by ISO along with the following exceptions:

1. A Loss Cost Multiplier of 1.600 for auto liability and 1.680 for physical damage shall be used to determine the rates. For general use, the Expected Loss and Loss Adjustment Expense Ratios will be 0.567 for auto liability and 0.515 for physical damage.
2. Use ISO's deductibles and deductible factors. For higher Garagekeepers Legal Liability Collision Deductibles, apply the following factors to the \$100 deductible collision premium:

| <u>Deductible</u> | <u>Factor</u> |
|-------------------|---------------|
| \$1,000 | 0.74 |
| \$5,000 | 0.29 |

3. Commercial Automobile Liability Experience and Schedule Rating Plan

Eligibility for Experience Rating

An annual basic limits manual premium of \$3,500 or more is required for bodily injury and property damage exposures to be eligible for rating under this plan. Any risk that develops credibility from the tables contained in Rule 14 of 0.03 or more for the garage exposures, owned or hired automobile exposures, and employers non-ownership exposures to be rated shall be eligible for the application of the experience rating modification provisions of this plan.

Eligibility and Range for Schedule Rating

An annual basic limits manual premium of \$1,000 or more is required to be eligible for rating under this plan. Maximum schedule rating is +/- 25%.

| Risk Characteristic | Description | Credit | Debit |
|---------------------|--|--------|--------|
| Management | Cooperation with insurance company, revision of schedules, routes and practices to conform with insurer recommendations. | 10% | to 10% |
| Employees | Selection, training, supervision, experience and basis of remuneration. | 10% | to 10% |
| Equipment | Type, condition, servicing, risk's own repair facilities, safety equipment and drivers' reports on condition. | 10% | to 10% |
| Safety Organization | Periodic meetings, distribution of safety literature, award and penalty system, review of accidents with drivers, safety director, accident reports and records. | 10% | to 10% |

STAR INSURANCE COMPANY DISTRICT OF COLUMBIA
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

4. Commercial Automobile Physical Damage Experience and Schedule Rating Plan

Eligibility for Experience Rating

An annual basic limits manual premium of \$3,500 or more is required for bodily injury and property damage exposures to be eligible for rating under this plan. Any risk that develops credibility from the tables contained in Rule 11 of 0.03 or more for the exposures to be rated shall be eligible for the application of the experience rating modification provisions of this plan.

Eligibility and Range for Schedule Rating

An annual basic limits manual premium of \$1,000 or more is required to be eligible for rating under this plan. Maximum schedule rating is +/- 25%.

| Risk Characteristic | Description | Credit | Debit |
|---|--|--------|--------|
| Management | Cooperation with the insurance company, revision of schedules, routes and practices to conform with insurer recommendations. | 10% | to 10% |
| Employees | Selection, training, supervision, experience, and basis of remuneration. | 10% | to 10% |
| Equipment | Type, condition, servicing, risk's own repair facilities, safety equipment, drivers' reports on condition. | 10% | to 10% |
| Safety Organization | Periodic meetings, distribution of safety literature, award and penalty system, review of accidents with drivers, safety director, accident reports and records. | 10% | to 10% |
| Dispersion or Concentration of Values Insured | | 10% | to 10% |

5. ISO Rule 49.D.3 Auto Dealers Errors and Omissions

Apply the following factors for selected higher limits.

| <u>Limit</u> | <u>Factor</u> |
|--------------|---------------|
| \$100,000 | 1.200 |
| \$200,000 | 1.400 |
| \$300,000 | 1.550 |

6. Endorsements and Premium Charges

A. Spoilage of Evidence Errors or Omissions (4305 CA)

Coverage

An optional endorsement which amends the Auto Dealers Coverage Form, 0025, to provide: Errors and omissions coverage and supplementary payments to dismantlers and salvage operations for damages arising from the disposition of salvage that is evidence in a legal proceeding.

STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

DISTRICT OF COLUMBIA

Rates

A flat charge of \$250 applies.

~~B.~~ Repossessors Enhancement Endorsement (4306 CA)

Coverage

~~An optional endorsement which amends the GarageKeepers Coverage Form, CA 9937, to provide:
Sums the Insured must pay as damages because of bodily injury or property damage arising out of an
error in the identification and seizures of an automobile under a defaulted promissory note, loan or
encumbrance.~~

~~Physical Damage to recovered collateral, which may include autos, mobile equipment, recreational
vehicles, motorcycles, watercraft less than 26 feet in length and travel trailers.~~

Rates

| | |
|----------------------------|---------------|
| Number of _____ | Flat |
| <u>Repossessions</u> _____ | <u>Charge</u> |
| Up to 1,500 _____ | \$250 |
| 1,501 to 3,000 _____ | \$500 |

C.B. Commercial Auto Enhancement Endorsement (4303 CA)

Coverage

Optional form which broadens the Business Auto Coverage Form, CA 0001

Rates

A premium charge of 1% of the liability premium, subject to a \$250 minimum and a \$500 maximum shall be added when this form is attached to the policy.

D.C. Enhancement Endorsement - Auto Dealers (4304 CA)

Coverage

Optional form which broadens the Auto Dealers Coverage Form, CA 0025.

Rates

A premium charge of 1% of the liability premium, subject to a \$250 minimum and a \$500 maximum shall be added when this form is attached to the policy.

E.D. Designated Insured for Covered Autos Liability Coverage (ISO CA 2048)

Charge \$100 for additional insureds regardless of the number of additional insureds.

F.E. Scrap Dealers Additional Insured - Designated Person or Organization (5735 CA)

Available at no charge.

STAR INSURANCE COMPANY **DISTRICT OF COLUMBIA**
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

G.F. Additional Insured (4455 CA)

This form excludes persons or organizations we will not cover.

H.G. ~~Scrap~~ Dealers Conversion Coverage Endorsement (4748 CA)

Coverage

Optional form which broadens the Auto Dealers Coverage Form, CA 0025.

Rates

~~This coverage is subject to a \$5,000 deductible. The aggregate limit shall be twice the selected occurrence limit.~~ Apply a charge according to the appropriate revenue tier and the selected occurrence limit:

| <u>Revenue</u> | <u>Occurrence Limit</u> | <u>Aggregate Limit</u> | <u>Deductible</u> | | |
|-------------------------|-------------------------|------------------------|-------------------|-----------------|-----------------|
| | | | <u>\$5,000</u> | <u>\$10,000</u> | <u>\$15,000</u> |
| <u>\$0-\$15 million</u> | <u>\$10,000</u> | <u>\$20,000</u> | <u>\$100</u> | <u>\$98</u> | <u>\$96</u> |
| | <u>\$25,000</u> | <u>\$50,000</u> | <u>\$125</u> | <u>\$122</u> | <u>\$120</u> |
| | <u>\$50,000</u> | <u>\$100,000</u> | <u>\$150</u> | <u>\$147</u> | <u>\$144</u> |
| | <u>\$100,000</u> | <u>\$200,000</u> | <u>\$180</u> | <u>\$176</u> | <u>\$173</u> |
| | <u>\$250,000</u> | <u>\$250,000</u> | <u>\$225</u> | <u>\$219</u> | <u>\$216</u> |
| <u>\$15-30 m</u> | <u>\$10,000</u> | <u>\$20,000</u> | <u>\$166</u> | <u>\$162</u> | <u>\$160</u> |
| | <u>\$25,000</u> | <u>\$50,000</u> | <u>\$208</u> | <u>\$203</u> | <u>\$200</u> |
| | <u>\$50,000</u> | <u>\$100,000</u> | <u>\$249</u> | <u>\$243</u> | <u>\$240</u> |
| | <u>\$100,000</u> | <u>\$200,000</u> | <u>\$299</u> | <u>\$292</u> | <u>\$287</u> |
| | <u>\$250,000</u> | <u>\$250,000</u> | <u>\$373</u> | <u>\$364</u> | <u>\$359</u> |
| <u>\$30 m +</u> | <u>\$10,000</u> | <u>\$20,000</u> | <u>\$266</u> | <u>\$260</u> | <u>\$256</u> |
| | <u>\$25,000</u> | <u>\$50,000</u> | <u>\$333</u> | <u>\$325</u> | <u>\$320</u> |
| | <u>\$50,000</u> | <u>\$100,000</u> | <u>\$399</u> | <u>\$390</u> | <u>\$384</u> |
| | <u>\$100,000</u> | <u>\$200,000</u> | <u>\$478</u> | <u>\$467</u> | <u>\$460</u> |
| | <u>\$250,000</u> | <u>\$250,000</u> | <u>\$597</u> | <u>\$584</u> | <u>\$575</u> |

H. Impaired Property Damage Endorsement (5962 CA)

STAR INSURANCE COMPANY DISTRICT OF COLUMBIA
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

1. This endorsement provides limited property damage coverage for property that has not been physically injured but is deemed to be impaired due to work performed by the insured.
2. This endorsement provides varying limit, deductible and participation percentage options illustrated in the following table.

| <u>Each Occurrence Limit</u> | <u>Aggregate Limit</u> | <u>Deductible</u> | <u>Participation Percentage</u> | <u>Annual Premium</u> | | |
|------------------------------|------------------------|-------------------|---------------------------------|-------------------------|--------------------------|-------------------------|
| | | | | <u>Revenue \$0-15 m</u> | <u>Revenue \$15-30 m</u> | <u>Revenue \$30 m +</u> |
| <u>\$10,000</u> | <u>\$10,000</u> | <u>\$500</u> | <u>5%</u> | <u>Included</u> | | |
| <u>\$50,000</u> | <u>\$50,000</u> | <u>\$3,500</u> | <u>20%</u> | <u>\$235</u> | <u>\$390</u> | <u>\$625</u> |
| <u>\$75,000</u> | <u>\$75,000</u> | <u>\$5,000</u> | <u>25%</u> | <u>\$240</u> | <u>\$400</u> | <u>\$645</u> |
| <u>\$100,000</u> | <u>\$100,000</u> | <u>\$5,000</u> | <u>30%</u> | <u>\$245</u> | <u>\$405</u> | <u>\$650</u> |
| <u>\$100,000</u> | <u>\$250,000</u> | <u>\$5,000</u> | <u>30%</u> | <u>\$275</u> | <u>\$460</u> | <u>\$735</u> |
| <u>\$250,000</u> | <u>\$250,000</u> | <u>\$5,000</u> | <u>30%</u> | <u>\$305</u> | <u>\$510</u> | <u>\$850</u> |

3. The deductible applies first to a loss. The participation percentage then applies to the balance of the loss, subject to Each Occurrence and Aggregate Limits.
4. The premium is not subject to further modification.

| | |
|-----------------|---------------|
| <u>Limit</u> | <u>Charge</u> |
| <u>\$10,000</u> | <u>\$100</u> |
| <u>\$25,000</u> | <u>\$125</u> |
| <u>\$50,000</u> | <u>\$150</u> |

III. Commercial Crime Coverage.

Risks written under this program will be rated using forms, rules and loss costs filed by, or on behalf of the company by ISO shall apply for this line of business.

IV. Commercial Property Coverage

Risks written under this program will be rated using forms, rules and loss costs filed by, or on behalf of the company by shall apply for this line of business with the following exceptions.

1. The Star general use Loss Cost Multiplier shall be used to determine the rates.

1-2. Rule 85, L.3. Special Class Rates - Class Code 1190 Stock in the Open. For a limit of \$100,000 and a deductible of \$1,000 charge \$350.

STAR INSURANCE COMPANY DISTRICT OF COLUMBIA
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

2-3. Individual Risk Premium Modification Range. The maximum IRPM is +/- 40%.

| Risk Characteristic | Description | Credit | Debit |
|------------------------|---|--------|-------|
| Management | Cooperation in matters of safeguarding and proper handling of the property covered. | 10% to | 10% |
| Location | Accessibility, congestion and exposures. | 10% to | 10% |
| Building Features | Age, condition and unusual structural features. | 5% to | 5% |
| Premises And Equipment | Care, condition and type. | 5% to | 5% |
| Employees | Selection, training, supervision and experience. | 5% to | 5% |
| Protection | Not otherwise recognized. | 5% to | 5% |

3-4. Endorsements and Premium Charges

A. Special Broadened Property Coverage (4326 CP)

1. The premium charge for the Special Broadened Property coverage is dependent upon selection of the Silver Band or the Gold Band:
 - a. Silver Band (\$100,000 Occurrence/\$250,000 Annual Aggregate):
 1. Charge a \$350 Minimum Premium for the first location.
 2. Charge \$75 for each additional location.
 - b. Gold Band (\$250,000 Occurrence/\$500,000 Annual Aggregate):
 1. Charge a \$500 Minimum Premium for the first location.
 2. Charge \$100 for each additional location.
2. Each location premium charge is pro-ratable.
3. The premium charges are not subject to modifications except for any applicable premium size modification.

B. Enhancement Property Coverage Endorsement (4312 CP)

1. Optional form which modifies both the Building and Personal Property Coverage form and the Causes of Loss - Special Form.

2. A flat charge of \$250 applies per location.

C. Special Broadening Property Plus Endorsement (6026 CP)

1. Optional form which modifies both the Building and Personal Property Coverage form and the Causes of Loss – Special Form.

2. A flat charge of \$650 applies per location.

STAR INSURANCE COMPANY DISTRICT OF COLUMBIA
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

2.

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V. Commercial General Liability

Risks written under this program will be rated using forms, rules and loss costs filed by, or on behalf of the company by ISO shall apply for this line of business. Attach the Repossessors Liability Enhancement (4427 GL) form at no premium charge.

1. Commercial General Liability Experience and Schedule Rating Plan exceptions

Eligibility for Experience Rating

An annual basic limits manual premium of \$3,500 or more is required for bodily injury and property damage exposures to be eligible for rating under this plan. Any risk that develops credibility from the tables contained in Rule 16 of 0.03 or more for the exposures to be rated shall be eligible for the application of the experience rating modification provisions of this plan.

Eligibility for Schedule Rating

An annual basic limits manual premium of \$1,000 or more is required to be eligible for rating under this plan.

2. For all ISO additional Insured's with premium charge as "Refer To Company" - charge \$100 regardless of the number of additional insureds.

3. CGL Special Broadening Endorsement (2197 GL)

\$250 Flat Charge

4. Conversion Coverage Endorsement (6083 GLO)

For this optional form, apply a charge accordingly to the appropriate revenue tier and the selected limits and deductibles:

| <u>Revenue</u> | <u>Occurrence Limit</u> | <u>Aggregate Limit</u> | <u>Deductible</u> | | |
|--------------------|-------------------------|------------------------|-------------------|-----------------|-----------------|
| | | | <u>\$5,000</u> | <u>\$10,000</u> | <u>\$15,000</u> |
| <u>\$0-\$15 m</u> | <u>\$10,000</u> | <u>\$20,000</u> | <u>\$100</u> | <u>\$98</u> | <u>\$96</u> |
| | <u>\$25,000</u> | <u>\$50,000</u> | <u>\$125</u> | <u>\$122</u> | <u>\$120</u> |
| | <u>\$50,000</u> | <u>\$100,000</u> | <u>\$150</u> | <u>\$147</u> | <u>\$144</u> |
| | <u>\$100,000</u> | <u>\$200,000</u> | <u>\$180</u> | <u>\$176</u> | <u>\$173</u> |
| | <u>\$250,000</u> | <u>\$250,000</u> | <u>\$225</u> | <u>\$219</u> | <u>\$216</u> |
| <u>\$15-\$30 m</u> | <u>\$10,000</u> | <u>\$20,000</u> | <u>\$166</u> | <u>\$162</u> | <u>\$160</u> |
| | <u>\$25,000</u> | <u>\$50,000</u> | <u>\$208</u> | <u>\$203</u> | <u>\$200</u> |
| | <u>\$50,000</u> | <u>\$100,000</u> | <u>\$249</u> | <u>\$243</u> | <u>\$240</u> |

STAR INSURANCE COMPANY **DISTRICT OF COLUMBIA**
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

| | | | | | |
|-----------------|------------------|------------------|--------------|--------------|--------------|
| | <u>\$100,000</u> | <u>\$200,000</u> | <u>\$299</u> | <u>\$292</u> | <u>\$287</u> |
| | <u>\$250,000</u> | <u>\$250,000</u> | <u>\$373</u> | <u>\$364</u> | <u>\$359</u> |
| <u>\$30 m +</u> | <u>\$10,000</u> | <u>\$20,000</u> | <u>\$266</u> | <u>\$260</u> | <u>\$256</u> |
| | <u>\$25,000</u> | <u>\$50,000</u> | <u>\$333</u> | <u>\$325</u> | <u>\$320</u> |
| | <u>\$50,000</u> | <u>\$100,000</u> | <u>\$399</u> | <u>\$390</u> | <u>\$384</u> |
| | <u>\$100,000</u> | <u>\$200,000</u> | <u>\$478</u> | <u>\$467</u> | <u>\$460</u> |
| | <u>\$250,000</u> | <u>\$250,000</u> | <u>\$597</u> | <u>\$584</u> | <u>\$575</u> |
| | | | | | |

5. Impaired Property Damage Endorsement (4385 GL)

This endorsement provides limited property damage coverage for property that has not been physically injured but is deemed to be impaired due to work performed by the insured.

The endorsement provides varying limit, deductible and participation percentage options illustrated in the following table.

| <u>Sub-Limit</u> | <u>Each Occurrence Limit</u> | <u>Deductible</u> | <u>Participation Percentage</u> | <u>Annual Premium</u> | | |
|------------------|------------------------------|-------------------|---------------------------------|--------------------------------|----------------------------------|-----------------------------|
| | | | | <u>Revenue \$0- \$15 m</u> | <u>Revenue \$15 - \$30 m</u> | <u>Revenue \$30 m +</u> |
| <u>\$10,000</u> | <u>\$10,000</u> | <u>\$500</u> | <u>5%</u> | <u>Included</u> | | |
| <u>\$50,000</u> | <u>\$50,000</u> | <u>\$3,500</u> | <u>20%</u> | <u>\$235</u> | <u>\$390</u> | <u>\$625</u> |
| <u>\$75,000</u> | <u>\$75,000</u> | <u>\$5,000</u> | <u>25%</u> | <u>\$240</u> | <u>\$400</u> | <u>\$645</u> |
| <u>\$100,000</u> | <u>\$100,000</u> | <u>\$5,000</u> | <u>30%</u> | <u>\$245</u> | <u>\$405</u> | <u>\$650</u> |
| <u>\$100,000</u> | <u>\$250,000</u> | <u>\$5,000</u> | <u>30%</u> | <u>\$275</u> | <u>\$460</u> | <u>\$735</u> |
| <u>\$250,000</u> | <u>\$250,000</u> | <u>\$5,000</u> | <u>30%</u> | <u>\$305</u> | <u>\$510</u> | <u>\$820</u> |

The deductible applies first to a loss. The participation percentage then applies to the balance of the loss, subject to the Sublimit and Each Occurrence Limits.

The premium is not subject to further premium is not subject to further modification.

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VI. Commercial Inland Marine

Risks written under this program will be rated using the rates, rules and forms filed by, or on behalf of the company for this program.

STAR INSURANCE COMPANY DISTRICT OF COLUMBIA
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

1. Electronic Data Processing Coverage

A. Eligibility

Commercial Inland Marine Coverage is available for use with this program.

B. Forms

The following independent forms apply to this coverage.

2976 CM - Coverage Form
3901 CM - Declarations

C. Rates

Minimum Annual Premium \$100

Minimum Deductible: \$250 Higher deductibles are offered – see "Rating" below.

Electronic Data Processing Coverage Form (2976 CM) is a broad coverage form for Scheduled Equipment, Data and Media and Extra Expense. When Equipment is covered, limits equal to 20% of the equipment limit may be provided without additional charge for Data and Media and form Extra Expense coverages. Additional premium is charged if higher limits are required. Breakdown Coverage is included in our form. No Coinsurance applies.

| | |
|-----------------|---|
| Equipment: | \$1.00 per \$100 of total insurable values. |
| Data/Media: | 20% of the total Limit of Insurance shown in the Schedule for Equipment at that location. Rate excess limits at \$1.00 per \$100. |
| Extra Expense: | 20% of the total Limit of Insurance shown in the Schedule for Equipment at that location. Rate excess limits at \$1.00 per \$100. |
| Loss of Income: | 20% of the total Limit of Insurance shown in the Schedule. Rate excess limits at \$1.00 per \$100. |
| In Transit: | The Limit of Insurance is the greater of \$25,000 or the limit shown in the Schedule for this coverage. Rate excess limits at \$1.00 per \$100. |

This includes all construction types and includes equipment failure coverage (included in coverage form).

The above rating contemplates a deductible of \$250 for all causes of loss.

For higher deductibles, apply the following factors:

| | |
|-------------------|---------------|
| <u>Deductible</u> | <u>Factor</u> |
| \$ 500 | 0.92 |
| \$1,000 | 0.87 |
| \$2,500 | 0.83 |

Any individual risk modification factors that apply to the policy apply to this line of coverage also.

2. Motor Truck Cargo Coverage

STAR INSURANCE COMPANY **DISTRICT OF COLUMBIA**
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

A. Description Of Coverage

This form covers the legal liability of the motor carrier for direct physical loss or damage to the property of others being transported by the insured and others.

B. Basic Form Applicable

Use Motor Truck Cargo Liability Coverage Form (4314 IM).

C. Eligibility

Any motor carrier operating as a common and/or contract carrier operating intrastate or interstate is eligible for motor truck cargo liability coverage.

D. Premium Determination

Motor Truck Cargo exposure varies widely from risk to risk and region to region. The following table shows the base rate per \$100 of limit as selected by the insured.

| <u>Limit</u> | <u>Rate</u> |
|----------------|------------------|
| \$25,000 | \$0.75 |
| \$50,000 | \$1.00 |
| \$75,000 | \$1.25 |
| \$100,000 | \$1.50 |
| Over \$100,000 | Refer to Company |

Apply the following load factors, according to the criteria described hereafter, to develop the loaded rate for the selected limit.

| <u>Factors</u> | <u>Load</u> |
|----------------------|-------------|
| Radius of operations | +/- 10% |
| Management | +/- 15% |
| Premises/Equipment | +/- 10% |

Radius of Operations (debit/credit range = $\pm 10\%$). Hauling distances greatly affect the desirability of each risk. Consideration should be given to the following:

The longer the haul, the greater the chance of loss. Long distance (over 400 miles) operations must carry high value loads to be profitable and losses are likely to be large.

Terrain and climatic conditions affect the collision, upset and overturn exposures due to ice, sleet, snow, wind and condition of roads.

Management (debit/credit range = $\pm 15\%$). While financial condition is a sign of management involvement, there are other areas which reflect management's interest in an organization. Employee turnover, safety incentives, funding of routine expenses all start with management decisions. Some questions that should be asked are:

Is management involved in the safety program?

Do they have a safety director?

Is maintenance a burden or integral part of their operations?

Has the insured been in business for at least 3 years?

STAR INSURANCE COMPANY DISTRICT OF COLUMBIA
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

Large fleets require extraordinary underwriting attention. Examine the carrier's:
internal operations
maintenance program
practice of hiring drivers that operate their vehicles
driver's experience and any safety program instituted by the insured.

Premises/Equipment (debit/credit range = $\pm 10\%$). Sprinkler systems and fire/smoke alarms can be positive measures for fire protection in terminals. Some questions that should be asked are:

For large yards with considerable activity, are watchmen and/or gate guards used?

Are theft prone commodities adequately protected by alarms?

Do the terminals have the same protection?

Conditions at the risk's premises and at the shipper/receiver's premises, and vehicle maintenance can influence loss experience. Some questions that should be asked are:

Is the location where a trip starts or ends a hazard to the trip?

Do the premises reflect management's desire to run a safe operation?

Is the equipment being used suitable for the task?

A company using local trucks for long hauls, letting equipment go until it has to be replaced, etc. is running on the edge. Equipment will reflect the safety program, maintenance program and management's attitude.

E. Deductible Credit

Total the premiums and apply the following deductible factor:

| <u>Deductible</u> | <u>Factor</u> |
|-------------------|---------------|
| <u>\$1,000</u> | <u>1.00</u> |
| 2,500 | 0.90 |
| \$ 5,000 | 0.85 |
| \$10,000 | 0.80 |
| \$25,000 and over | 0.65 |

3. Special Floater Coverage

A. Description of coverage

This form covers miscellaneous property against risks of direct physical loss except those causes of loss specifically excluded.

B. Basic Form Applicable

Use Special Floater Coverage Form (4313 IM)

C. Eligibility

These rules apply to miscellaneous commercial property not specifically covered by another commercial inland marine coverage form.

STAR INSURANCE COMPANY
COMMERCIAL LINES MANUAL
AUTO DISMANTLERS AND ~~REPOSSESSORS~~ RECYCLERS PROGRAM
RATES AND RULES MANUAL

DISTRICT OF COLUMBIA

D. Premium Determination

Rates are per \$100 of the exposure base, i.e. equipment, property, tools.

A rate 1.40 with a \$250 deductible shall be used in determining the premium for all tools, equipment, personal property, and personal effects.

~~The following deductible options apply:~~ A standard deductible of \$5,000 shall apply. Other deductibles may be selected: apply the following factor to the rate otherwise charged.

| <u>Deductible</u> | <u>Factor</u> |
|-------------------|---------------|
| <u>\$1,000</u> | <u>1.02</u> |
| <u>\$2,500</u> | <u>1.01</u> |
| <u>\$5,000</u> | <u>1.00</u> |
| <u>\$10,000</u> | <u>0.99</u> |
| <u>\$25,000</u> | <u>0.97</u> |
| <u>\$50,000</u> | <u>0.95</u> |
| <u>\$100,000</u> | <u>0.93</u> |

| <u>Deductible</u> | <u>Factor</u> |
|-------------------|---------------|
| <u>\$ 500</u> | <u>0.92</u> |
| <u>\$1,000</u> | <u>0.87</u> |
| <u>\$2,500</u> | <u>0.83</u> |

VII. Terrorism Premium Charge

Use ISO's rates, rules, and forms to provide terrorism coverage.

Star Insurance Company
Auto Dismantlers and Recyclers
Actuarial Memo

The following Items are in order of appearance in the manual pages, except that for Conversion Coverage and Impaired Property Damage, the same rates are used in both the Auto and GL sections of the manual pages.

II.6.G. Conversion Coverage Endorsement (4748 CA)

V.4. Conversion Coverage Endorsement (6083 GL)

We propose to add optional higher limits and optional higher deductibles. Rates are developed in Exhibit A, using ISO Increased Limits Factors and ISO Deductible Factors. We add rates for higher revenue tiering, based on North River filed rates. The same rates are proposed for Auto and GL coverages.

II.6.H. Impaired Property Damage Endorsement (5962 CA)

V.5. Impaired Property Damage Endorsement (4385 GL)

Our rates are based on North River filings, detailed in Exhibit B, in the Note for Row 3. Rates at our proposed limits, deductibles, and participation percentages are developed using ISO Increased Limits Factors and ISO Deductible Factors. The same rates are proposed for Auto and GL coverages, though the limits apply differently as indicated in Columns a and b of the respective exhibits.

IV.2. ISO Commercial Property Class 1400

We have filed company loss costs for Class 1400 Waste and reclaimed materials, including yards. We now specify that those filed rates shall not apply where ISO has specifically rated a building or property. In general, such properties are observed to have lower rates than our filed rates.

IV.5.C. Special Broadened Property Plus Endorsement (6026 CP)

This new endorsement increases the coverages and limits over our existing broadening endorsement (4326 CP). This endorsement has an increased cost over 4326 CP due to the increase in coverage limits and the additional coverages added. We expect to see an increase in our frequency and severity of claims.

V.3. CGL Special Broadening Endorsement (2197 GL)

We filed this endorsement for our Chemplan program in your state, with the following rating, "Apply a 2% charge against premium generated by code 11101, subject to a minimum premium of \$250." For use with this program, we propose a flat charge of \$250, based on the earlier approved minimum premium.

VI.2.E. Inland Marine - Motor Truck Cargo Coverage - Deductible Factors

In line with our original intent and practice, we specify that the base deductible for this coverage is \$1,000, e.g., with a deductible factor of 1.00.

VI.3.D. Inland Marine - Special Floater Coverage - Rates

Special Floater Coverage is designed to cover a wide range of miscellaneous equipment; accordingly, this is a filing-exempt inland marine coverage in many states. We propose a rate range of \$0.75-\$2.00, to allow underwriters the flexibility to offer this coverage.

VI.3.D. Inland Marine - Special Floater Coverage - Deductible Factors

Where our base deductible had been \$250, we propose a new base deductible of \$5,000, to accommodate larger exposures. Factors are developed in Exhibit C, using ISO Increased Limits Factors and ISO Deductible Factors. This change enables us to write a new market, covering much larger equipment.

These changes, each alone and in total, are actuarially sound, not inadequate, not excessive, and not unfairly discriminatory.

Ameritrust Insurance Group
Auto Dismantlers and Recyclers
Impaired Property Damage - Commercial Auto

| | a | b | c | d | e | f | g | h=f-g | i=h(1-d) | j | k | l | m | n | o | p | q |
|---|--------------|----------------|---------|--------------------|-------------------------------------|-------------------------------|----------------------------------|------------------------------|------------------------------|----------------------|----------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|-------------------------------|-----------------------------|
| | Occ Limit | Agg't Limit | Deduct | Partici- pation | Largest Ground-Up Loss Shared | Increased Limits Factor | Deductible Discount Factor | Adjusted Limits Factor | Net Of Partici- pation | Re-Based To Row 1 | Re-Based To Row 3 | Revenue Tier \$0-\$15m | Revenue Tier \$15-\$30m | Revenue Tier \$30 m + | Revenue Tier \$0-\$15m | Revenue Tier \$15-\$30m | Revenue Tier \$30 m + |
| 1 | \$50,000 | \$50,000 | \$3,500 | 20% | \$66,000 | 0.885 | 0.034 | 0.851 | 0.681 | 1.000 | 0.868 | 234 | 391 | 625 | 235 | 390 | 625 |
| 2 | \$75,000 | \$75,000 | \$5,000 | 25% | \$105,000 | 0.979 | 0.044 | 0.935 | 0.701 | 1.029 | 0.893 | 241 | 402 | 643 | 240 | 400 | 645 |
| 3 | \$100,000 | \$100,000 | \$5,000 | 20% | \$130,000 | 1.025 | 0.044 | 0.981 | 0.785 | 1.152 | 1.000 | 270 | 450 | 720 | | | |
| 4 | \$100,000 | \$100,000 | \$5,000 | 30% | \$147,857 | 1.056 | 0.044 | 1.012 | 0.708 | 1.040 | 0.902 | 244 | 406 | 650 | 245 | 405 | 650 |
| 5 | \$100,000 | \$250,000 | \$5,000 | 30% | | | | | | | | 276 | 459 | 735 | 275 | 460 | 735 |
| 6 | \$250,000 | \$250,000 | \$5,000 | 30% | \$362,143 | 1.321 | 0.044 | 1.277 | 0.894 | 1.312 | 1.139 | 307 | 512 | 820 | 305 | 510 | 820 |

Col/
Row

Notes

- 3 Row 3 (columns l, m, n) shows the North River rates, from these filings:
California CRUM-129728914, Missouri CRUM-129753436, Texas CRUM-129726249.
- e $e = c + b/(1-d)$.
- f ILF for column (e) Loss.
Class 15406 Metal Scrap Dealers has Increased Limits Table Assignment 3B.
ILF's are interpolated based on ISO Ohio General Liability, Rule 56. Increased Limits Tables,
B. Tables, 3. Premises/Operations (Subline Code 334) Table 3 - \$100/200 Basic Limit.
- g Deductible factor per column (c) Deductible.
From ISO General Liability, Rule 15. Deductibles, E. Deductible Amounts,
2. Premises/Operations Deductible Discount Factors - Property Damage, Table 3 column.
- h $h = f-g$.
- i $i = h(1-d)$.
- l,m,n $l,m,n = (\text{Column } k)(\text{Columns } l,m,n, \text{ Row } 6)$.
- o,p,q $o,p,q = l,m,n$ rounded to nearest \$5.
- 5 Row 5 (columns l,m,n) are the averages of rows 4 & 6, in line with the North River filings.

**Ameritrust Insurance Group
Auto Dismantlers and Recyclers
Special Floater Coverage
Deductible Factor Exhibit**

| a | b | c | d=b-c | e | f |
|------------------------------|--|-----------------------------------|--|---|--|
| Deductible Amount | Max Loss Represented by ILF for \$2,000,000 | Deductible Discount Factors | Max Loss Reduced by Deductible Discount | Normalized to Base \$5,000 Deductible | Proposed Deductible Factors |
| 1,000 | 1.93 | 0.012 | 1.918 | 1.017 | 1.020 |
| 2,500 | 1.93 | 0.027 | 1.904 | 1.009 | 1.010 |
| 5,000 | 1.93 | 0.044 | 1.886 | 1.000 | 1.000 |
| 10,000 | 1.93 | 0.066 | 1.864 | 0.988 | 0.990 |
| 25,000 | 1.93 | 0.102 | 1.828 | 0.969 | 0.970 |
| 50,000 | 1.93 | 0.135 | 1.795 | 0.952 | 0.950 |
| 100,000 | 1.93 | 0.168 | 1.762 | 0.934 | 0.930 |

Column Notes

- b Class 15406 Metal Scrap Dealers has Increased Limits Table Assignment 3B.
 1.93 is from ISO Ohio General Liability, Rule 56. Increased Limits Tables,
 B. Tables, 3. Premises/Operations (Subline Code 334) Table 3 - \$100/200 Basic Limit,
 \$2 million per occurrence/ \$2 million aggregate limit.
- c From ISO General Liability, Rule 15. Deductibles, E. Deductible Amounts,
 2. Premises/Operations Deductible Discount Factors - Property Damage, Table 3 column.
- d d = b - c.
- e e = Divide each d by column d's \$5,000 factor 1.886.
- f f = e, Rounded.